

FISCAL NOTE

SB 2905 - HB 2975

February 7, 2000

SUMMARY OF BILL: Increases the privilege tax on cigarettes from 13 cents per pack of twenty cigarettes to 26 cents per pack of twenty cigarettes.

ESTIMATED FISCAL IMPACT:

Increase State Revenues - Net Impact \$69,747,553

Increase State Expenditures - \$25,000 One-Time

Decrease Local Govt. Revenues - Net Impact - \$412,829

Estimate assumes the following:

- Approximately 605,543,438 packs of cigarettes were sold last year.
- An increase in state revenues of approximately \$70,848,582 is estimated based on increasing the cigarette tax from 13 cents per pack of 20 cigarettes to 26 cents per pack of 20 cigarettes.
- A decrease of in-state sales of approximately 5% or 30,277,172 packs due to the increased tax.
- Cigarettes are sold in packs of twenty.
- An increase in state sales tax revenues of approximately \$4,183,912 resulting from the increased price per pack of cigarettes that generates additional sales tax revenue.
- A decrease of approximately \$5,284,941 in state sales tax revenue due to a decrease of in-state purchases of cigarettes.
- An increase in local government sales tax revenues of approximately \$1,568,751 resulting from the increased price per pack of cigarettes that generates additional sales tax revenue.
- A decrease of approximately \$1,981,580 in local government sales tax revenues due to a decrease of in-state purchases of cigarettes.
- A one-time increase in state expenditures of \$25,000 for MIS system implementation costs.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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